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IN REPLY
REFER TO

Policy Number: DESC-X-P-3

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Class IIIB Executive Agent Funding Process

1. **Supersession:** This is an initial issuance of DESC-X-P-3.

1.1 **General:** In accordance with DoD Directive 5101.8, the Director of the Defense Logistics Agency has been designated as the DoD Executive Agent (EA) for Bulk Petroleum and has re-delegated this responsibility to the Defense Energy Support Center (DESC). This interim policy was coordinated with and approved by the Bulk Petroleum EA Component Steering Group (CSG) and is issued to the Military Services as interim guidance pending formal publication in a DoD manual.

1.2 **Background:** The Bulk Petroleum EA CSG tasked the DESC Executive Agent Office to draft a Class III(B) EA policy/criteria/process for potential funding of EA initiatives identified by CSG members and supporting various related Service Control Point efforts. The Executive Agent Office studied options, developed a practical and expedient approach using EA budget monies, and coordinated the process through the DESC and the CSG. Basic criteria were used. Pursuits must: 1) be in the best interest of DoD and the taxpayer; 2) meet the requirements of more than one Service or Agency; 3) focus on peacetime efficiencies or wartime effectiveness; and 4) be in compliance with policy contained in financial management regulations.

2. **Purpose:** The intent of this policy is to provide clear guidance for pursuing necessary funding associated with efforts that have impact on the bulk petroleum supply chain and that have no budget to support them. This policy is not a substitute for proper planning and programming but rather a compliment to joint efforts being pursued under the auspices of the EA program. It applies only to initiatives that are appropriate for the Defense Working Capital Fund EA budget line assigned to the DESC Executive Agent Office. It does not apply to initiatives/programs that are defined as information technology or research and development. Those efforts must be addressed through the proper IT/R&D respective channels.

3. **Funding Process to Support EA Initiatives:** See Attachment.

4. **Deviations:** Deviations from this policy will be reviewed by the DESC Executive Agent Office and in those cases where appropriate, forwarded to the CSG for decision.

Attachment

HENRY B. TOMLIN, III
Rear Admiral, SC, USN
Chairman
Component Steering Group



Attachment: Class IIIB Executive Agent Funding Process

Opportunities that are appropriate for financial support from the Defense Working Capital Fund (DWCF) EA budget line assigned to the DESC Executive Agent Office (DESC-X) are dependent on the initiatives themselves. DESC-X budgeted dollars are applied to initiatives that, at minimum, meet the following EA criteria:

- They must be in the best interest of DoD & the taxpayer
- They must meet requirements of more than one Service or Agency
- They must focus on peacetime efficiencies or wartime effectiveness
- They must be in compliance with Financial Management Regulation (FMR) guidance.

Requests which do not meet these criteria will not be funded from this source and may be returned to the requester with explanation of requirements for resubmission – possibly through other channels (i.e., DESC Corporate DWCF lines, DLA IT, or DLA R&D arrangements).

Figure 1 depicts the overall process for obtaining DESC-X budgeted funding for EA initiatives. It shows 24 possible element blocks. Each of these blocks represents a discrete activity, input, decision point, or process depiction, and each is briefly defined in **Table 1** and hyperlinked to the figure. The overall process begins with a submission request (upper left hand corner) and continues through the flowchart depending on the characteristics of the submission. The outcome is dependent on the alignment of the funding initiative to the EA effort; the estimated cost of the effort/purchase; and the concurrence of various offices, EA Integrated Process Teams (IPTs), and the EA Component Steering Group (CSG).

The 24 element blocks fall into essentially seven sub-processes: 1) submission; 2) determination; 3) return; 4) review (\leq \$200K); 5) review ($>$ \$200K); 6) funding availability; and 7) obligation. Collectively, the sub-processes are shown in **Figure 2**. Each respective sub-process captures the appropriate element blocks describing the activity at hand. The decision points within the sub-processes are focused on guiding initiatives through the necessary steps for that particular effort.

As addressed above, the issue of applicability is key to this process. Only initiatives that meet EA mission criteria may be funded with DESC-X budgeted dollars (Sub-Processes 1 and 2). Sub-process 3 moves initiatives not meeting the criteria towards other avenues for review and possible alternative funding.

This process accommodates initiatives with different rough-order-of-magnitude (ROM) funding levels. If an effort is estimated at less than \$200K, a quicker review path has been established. This situation is addressed by Sub-Processes 4 and 6. Such an arrangement speeds the obligation of dollars for contracted studies and analyses supporting previously approved initiatives. If an effort is estimated at greater than \$200K, the CSG becomes the approval activity (Sub-Processes 5 and 6). Regardless of the dollar level, the overall funding process requires that after obligation of dollars, the approved initiative be monitored/evaluated and its results briefed to the CSG (Sub-Process 7). The objective is to maintain visibility of EA expenditures as initiatives are finalized and implemented.

Figure 1. EA Initiative Funding Process

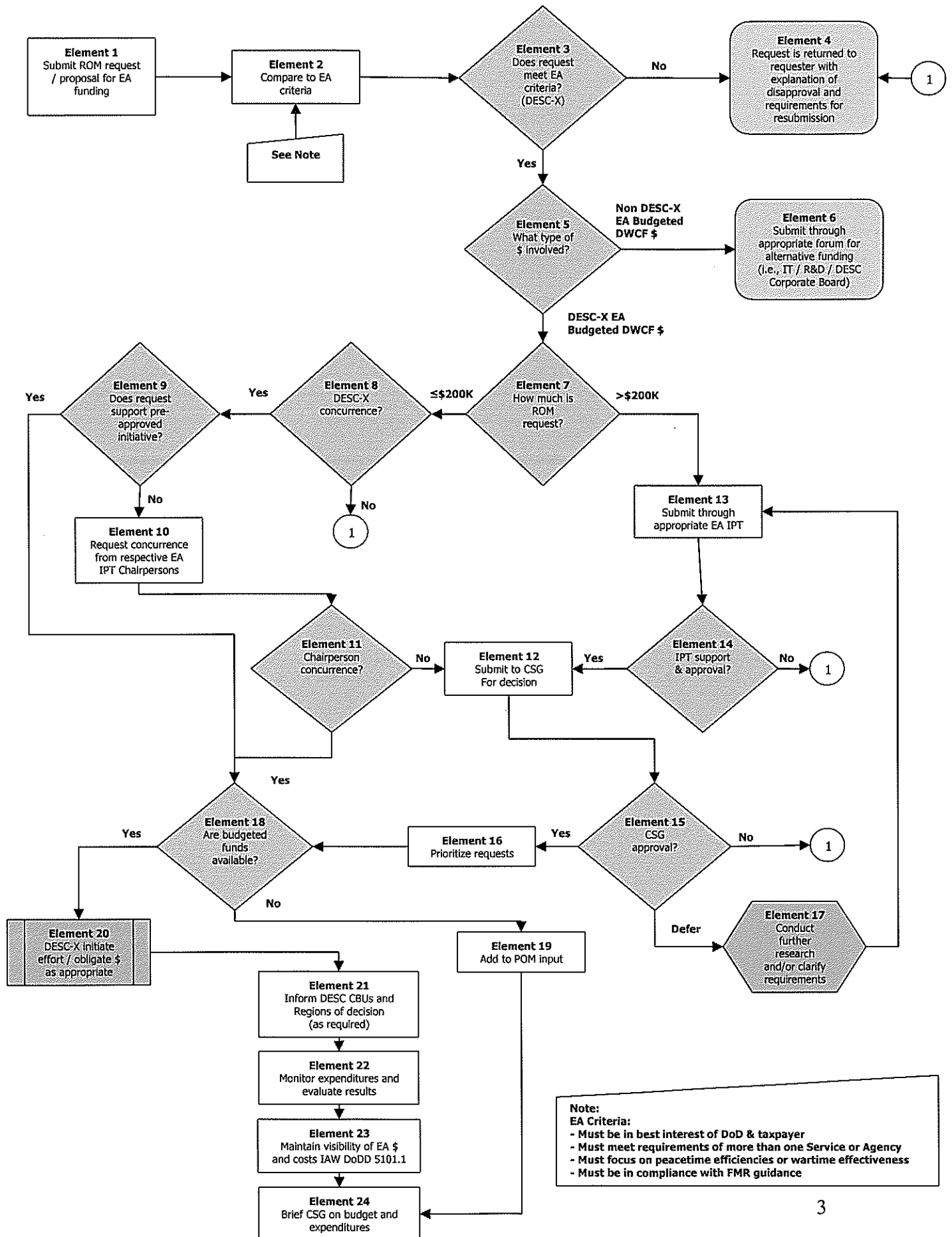


Table 1. Funding Process Element Blocks

Element Block #1 ROM funding requests or proposals for EA funding are submitted to the Executive Agent Office (DESC-X). [Back](#)

Element Block #2 DESC-X compares request or proposal to the following EA funding criteria: [Back](#)

Element Block #3 DESC-X determines if request or proposal meets criteria and arrives at a yes or no decision. [Back](#)

Element Block #4 If the decision is no, the request is returned in a timely manner to requester with explanation and reasons for disapproval. [Back](#)

Element Block #5 If the decision is yes, DESC-X determines what type of funding is required or involved. For example, Non-DESC-X EA budgeted dollars or DESC-X EA budgeted monies. [Back](#)

Element Block #6 In some cases, requests are more appropriately funded with other budget lines than DESC-X EA monies. For example, IT requests will be forwarded through DESC-T to the DLA IT Governance Board for available IT funding; R&D requests will be forwarded through the DESC Joint Energy Office for available R&D funding; and some requests may be forwarded to the DESC Corporate Board for consideration. [Back](#)

Element Block #7 The total dollar value of the request will determine the process flow. Requests > \$200K are routed to the CSG for approval. Requests ≤ \$200K may be approved by the DESC-X Director with appropriate IPT Chairpersons' concurrence. [Back](#)

Element Block #8 DESC-X reviews the request for approval. [Back](#)

Element Block #9 DESC-X determines if the request supports a pre-approved CSG/IPT roadmap initiative. [Back](#)

Element Block #10 If the request for EA funds does not support an existing CSG/IPT roadmap initiative and DESC-X supports the request, it is sent to the respective EA IPT Chairpersons for concurrence. [Back](#)

Element Block #11 The appropriate IPT Chairpersons review the request for approval. [Back](#)

Element Block #12 A request is routed to the CSG for decision in one of two ways. For requests that are ≤ \$200K, if DESC-X concurs with the request but the respective IPT Chairpersons non-concur, the request is submitted to the CSG for decision. For requests > \$200K, if the respective IPT supports the request it is submitted to the CSG for consideration. [Back](#)

Element Block #13 Requests > \$200K are vetted through the appropriate IPTs for concurrence. [Back](#)

Element Block #14 IPTs determine if support is warranted. [Back](#)

Element Block #15 CSG considers request and arrives at a decision. It approves, disapproves or defers. [Back](#)

Element Block #16 Approved requests are prioritized by the CSG for obligation. [Back](#)

Element Block #17 Requests that are deferred by the CSG are returned to the appropriate IPT with instructions to conduct further research and/or clarify requirements. [Back](#)

Element Block #18 Upon CSG approval, DESC-X determines if funds are available in the current fiscal year. [Back](#)

Element Block #19 If funds are not available in the current fiscal year, DESC-X takes action to address the request in the next POM cycle. [Back](#)

Element Block #20 DESC-X initiates effort and obligates funds as appropriate. [Back](#)

Element Block #21 For visibility and continuity, DESC-X informs the DESC Commodity Business Units and Fuel Regions of funding decisions as appropriate. [Back](#)

Element Block #22 DESC-X monitors expenditures and evaluates results of all funding efforts. [Back](#)

Element Block #23 DESC-X maintains visibility of the EA budget and all expenditures IAW DoDD 5101.1. [Back](#)

Element Block #24 DESC-X briefs the CSG periodically on the state of EA funding. [Back](#)

Figure 2. Funding Sub-Processes

